Iowa Department of Human Services
Fiscal Year 2002- 2003
Prepared by the Iowa Foundation for Medical Care

Nursing Facility and Prescreening and Resident Review Activity - Medicaid

	FY 01-02	FY 02-03
Average Medicaid Residents Under Review	16,261	16,384
Admission Reviews	8,356	8,672
Denials	4	7
TA/DC*	11	19
Discharges	8,046	8,044
Late Calls**	5,756	6,158
Level I Screens Completed	6,059	7,084
Referrals - Level II Evaluation	85	210
Convalescent Postponed 120 days	31	44
Referrals - Level II Evaluation MR	12	27
Referrals - Level II Evaluation RC	19	48
Referrals - Level II Evaluation MI	74	152
Referrals - Level II Evaluation MI & MR	11	27

* Discharged following IFMC technical assistance without formal denial.
** Calls not initiated by NF staff prior to admission.

NF and PASRR Activity - Non-Medicaid

	FY 01-02	FY 02-03
Level I Screens Completed	*n/a	5,614
Level I Reviews Completed	649	359
Referrals - Level II Evaluation	2	0
Referrals - Level II Evaluation RC	2	0

- Information not collected in fiscal year 2001 - 2002.

ICF/MR Review Activity

	FY 01-02	FY 02-03
Admissions	206	191
Continued Stay Reviews	1,322	1,196
Discharges	171	88

AIDS/HIV Waiver Review Activity

	FY 01-02	FY 02-03
Active Cases (average)	33	54
Admission Reviews	19	24
Denials	0	4
CSRs	16	28
Denials	0	1
Reconsiderations Requested	*1	1
Completed	*1	1
Upheld	*1	0
Reversed	0	1
ALJ Requested	*2	0
Completed	*2	0
Reversed	*2	0
Discharges	11	15

*Conducted based on denials issued in FY 00-01.

Physical Disability Waiver Review Activity

	FY 01-02	FY 02-03
Active Cases (average)	198	240
Admission Reviews	38	189
Denials	5	24
Reconsiderations Requested	5	3
Completed	5	3
Upheld	5	2
Reversed	0	1
ALJ Requested	0	1
Completed	0	1
Reversed	0	1
CSRs	109	115
Denials	0	0
Discharges	50	50

- **Ill and Handicapped Waiver Review Activity**

	FY 01-02	FY 02-03
Active Cases (average)	1,336	1,786
Admission Reviews	540	806
Denials (ICF)	50	64
Reconsiderations Requested	19	6
Completed	19	6
Pending	0	0
Upheld	10	6
Reversed	9	0
ALJ Requested	2	3
Completed	2	3
Upheld	0	1
Reversed	1	0
Dismissed	1	1
Abandoned	0	1
CSRs	910	1,223
Denials (ICF)	12	10
Reconsiderations Requested	7	2
Completed	7	2
Upheld	5	2
Reversed	2	0
ALJ Requested	3	2
Completed	3	2
Reversed	3	1
Pending Judge Decision	0	1
Discharges	245	272

Brain Injury Waiver Review Activity

	FY 01-02	FY 02-03
Active Cases (average)	286	464
Admission Reviews	207	193
Denials	38	56
Reconsiderations Requested	8	21
Completed	8	21
Pending	0	0
Upheld	5	12
Reversed	3	9
ALJ Requested	1	4
Completed	1	3
Pending	0	1
Upheld	1	2
Reversed	0	1
CSRs	184	322
Denials	2	16
Reconsiderations Requested	1	6
Completed	1	6
Upheld	0	4
Reversed	1	2
ALJ Requested	0	1
Pending	0	1
Discharges	119	115

MR Waiver Review Activity

	FY 01-02	FY 02-03
Active Cases (average)	5,851	6,478
Admission Reviews	1,137	1,030
Denials	8	5
Reconsiderations Requested	4	2
Completed	4	2
Upheld	2	0
Reversed	2	2
ALJ Requested	0	1
Completed	0	1
Reversed	0	1
CSRs	5,024	5,583
Denials	3	5
Reconsiderations Requested	2	3
Completed	2	2
Pending	0	1
Upheld	2	1
Reversed	0	1
ALJ Requested	*2	1
Pending	0	1
Completed	*2	0
Reversed	*2	0
Discharges	308	449

*One of these was conducted based on denial issued in FY 00-01.

Elderly Waiver Review Activity

	FY 01-02	FY 02-03
Active Cases (average)	4,948	6,634
Admission Reviews	2,670	2,914
Denials	223	291
Reconsiderations Requested	21	23
Completed	21	23
Pending	0	0
Upheld	13	15
Reversed	8	8
ALJ Requested	4	2
Completed	4	1
Pending	0	1
Reversed	2	0
Upheld	2	0
Withdrawn by Client	0	1
CSRs	3,573	4,293
Denials	108	116
Reconsiderations Requested	25	24
Completed	25	21
Pending	0	3
Upheld	15	13
Reversed	10	8
ALJ Requested	5	2
Pending	0	0
Completed	5	2
Upheld	3	0
Reversed	2	1
Withdrawn by Client	0	1
Discharges	1,576	1,705

Cost Savings

IFMC calculates cost savings from all review categories involving care provided in medical institutions or home and community based settings. Cases that were initially denied and later reversed during additional review are excluded from the cost savings calculations.

In order to calculate cost savings for care reimbursed on a per diem basis (e.g., NF, HCBS), IFMC utilized length of stay information from IFMC's database and reimbursement information provided by DHS. Refer to the Utilization Review Fact Sheet on page 38

To calculate cost savings for care reimbursed on a prospective payment system basis (e.g., DRGs, APGs), IFMC utilized actual reimbursement from paid claims data or an average reimbursement rate calculated for specific DRGs.

A comparison of cost savings information is displayed between the fiscal year 2001 - 2002 and the fiscal year 2002 - 2003 for all review costs. Cost savings for medical institutions and home and community based settings by review category are displayed on page 39. IFMC's review costs for medical institutions and home and community based settings by category were calculated and are displayed on page 40. Cost savings and review costs for the RHEP and Lock-in Programs are displayed on page 41. IFMC applied the Federal Financial Participation rate of 62.77 percent to determine the impact on State dollars. IFMC applied the 75 percent contribution from the federal government to determine the state dollars that funded IFMC's utilization management program.

Finally, IFMC calculated the benefit/cost ratio for combined federal and state dollars and for state dollars only. For each state dollar spent on Medicaid utilization review (medical institutions, home and community based settings, and RHEP/LI) in the fiscal year 2002 - 2003, DHS saved $8.10. This compares to state savings of $7.23 for each Medicaid dollar spent during the fiscal year 2001 - 2002. DHS savings do not factor in benefits derived from other aspects of the review program, which cannot be measured in dollars. This includes the results of the "sentinel" effect; i.e., those services that are avoided due to the existence of the review program.

Utilization Review Fact Sheet

Type of Review	ALOS[1]	ALOS Saved by Denial[2]	Average Cost[3]
NF	42.5 months	n/a[4]	$ 2,850 month
ICF/MR	52.4 months	40.4 months	$ 8,125 month
PMIC	7.5 months	0 months[5]	$ 4,339 month
MHI	19 days	0 months[5]	$ 385 day
Ill and Handicapped Waiver	31.2 months	0 months[5]	$ 774 month
AIDS Waiver	37.7 months	1.0 months	$ 935 month
Brain Injury Waiver	29.6 months	8.6 months	$ 1,258 month
MR Waiver	54.2 months	21.2 months	$ 2,010 month
Physical Disability Waiver	23.4 months	18 days	$ 488 month
Elderly Waiver	32.8 months	14.5 months	$ 431 month

[1] ALOS = average length of stay (based on discharges during FY 01 - 02).

[2] ALOS Saved by Denial = is calculated by subtracting the average length of time between admission and the time a continued stay denial is issued from the overall ALOS.

[3] Dollar amounts provided by DHS, based on Medicaid Series B-1 reports for fiscal year 2002 - 2003.

[4] Based on FY 01-02 data due to contractual changes that eliminated CSR reviews in FY 02-03.

[5] ALOS from admission to denial was greater than the overall ALOS for outlier cases. Therefore, no ALOS saved by denial could be calculated.

Hospital inpatient cost savings are calculated from preadmission, preprocedure, and retrospective admission review denials. By applying the average reimbursement amount of the DRG for each inpatient case denied, the approximate savings are calculated.

Hospital APG/outpatient/observation cost savings are calculated from setting and service denials. The cost savings from APG review is based on cases where the procedure was denied or the number of total approved units was less than the number of billed units for physical, speech, and occupational therapy.

Cost Savings for Medical Institutions and Home and Community Based Settings

Review Category	2001 - 2002			2002 - 2003		
	Upheld Denials	Savings[1]		Upheld Denials	Savings[1]	
NF Admission	4	$	281,362	7	$	847,875
NF CSR[2]	5	$	274,833	0	$	0[2]
TA/DC	40	$	2,198,664	19[3]	$	1,651,575
MHI Admission	1	$	8,470	0	$	0
MHI CSR	1	$	0	2	$	0[4]
PMIC Admission	0	$	0	3	$	97,628
PMIC CSR	9	$	0	6	$	0[4]
Ill & Handicapped Waiver Admission	40	$	1,308,944	64	$	1,545,523
Ill & Handicapped Waiver CSR	10	$	232,986	9	$	0[4]
AIDS Waiver Admission		$		4	$	140,998
Brain Injury Waiver Admission	35	$	1,320,543	46	$	1,712,893
Brain Injury Waiver CSR	1	$	11,980	14	$	151,463
MR Waiver Admission	6	$	606,931	2	$	217,884
MR Waiver CSR	1	$	8,564	4	$	170,448
Physical Disability Waiver Admission	5	$	2,833,070	22	$	251,222
Elderly Waiver Admission	213	$	505,267	283	$	4,000,714
Elderly Waiver CSR	96	$	784,441	107	$	668,697
Retrospective Non-outlier	128	$	11,645	114	$	539,234
Retrospective Outlier	4	$	627,850	6	$	2,905
Preprocedure	23	$	34,055	86	$	1,021,027
Outpatient	21	$	0	5	$	9,194
APG	n/a	$	0	n/a	$	10,154
Total Savings		**$**	**11,049,605**		**$**	**13,039,434**
62.77% FFP		**$**	**6,935,837**		**$**	**8,184,853**
Net Savings (total savings - 62.77% FFP)		**$**	**4,113,768**		**$**	**4,854,581**

[1] It should be noted that actual savings will vary each quarter based on average dollars spent for each program based on Medicaid Series B-1 reports for the respective quarter.

[2] Review no longer performed due to changes in contract.

[3] ALOS for NF review minus 12 months. (CSR ALOS no longer available due to contractual revisions.)

[4] No cost savings appreciated due to outlier case(s).

n/a Denials based upon units of service billed.

	2001 - 2002	2002 - 2003
Total Savings - Medical and Home Settings	**$ 11,049,605**	**$ 13,039,434**
62.77% FFP	**$ 6,935,837**	**$ 8,184,053**
Net Savings (total savings - 62.77% FFP)	**$ 4,113,768**	**$ 4,854,581**
IFMC Review Costs	**$ 2,100,825**	**$ 2,189,629**
75% Federal Contribution	**$ 1,575,619**	**$ 1,642,222**
Net Cost (review costs - 75% FC)	**$ 525,206**	**$ 547,407**

Cost Savings for RHEP/Lock-in

Cost savings were determined for recipients who received RHEP counseling or had Lock-in restrictions in effect between July 1, 2002, and June 30, 2003. The average monthly cost for services six months prior to the session was compared to the average monthly cost for services for a period of six months after RHEP, and during the 24-month period following Lock-in for each recipient.

The cumulative cost saving figures exclude recipients who moved out-of-state and those who were no longer eligible for Medicaid after the RHEP or Lock-in restrictions were implemented.

Savings for RHEP/LI Programs

2001 - 2002	2002 - 2003
$ 965,722	$ 669,648

Cost avoidance is not included in the cumulative total savings. Lock-in cost avoidance is calculated from Lock-in recipient claims with dates of service in the quarter in which the claims are denied. Claims are denied due to the recipient not utilizing their selected Lock-in physician, pharmacy, or hospital. Duplicate claims result when the providers submit claims for the same services more than once. The estimated cost avoidance savings for April 1 through June 30, 2003, was $1,141,612; compared to $668,870 for the same timeframe in fiscal year 2001 - 2002. If included, the cumulative cost savings would be $2,181,555 for fiscal year 2002 - 2003, compared to $2,802,845 for fiscal year 2001 - 2002.

RHEP/LI Savings

	2001 - 2002	2002 - 2003
Total Savings - RHEP/LI	**$ 965,722**	**$ 669,648**
62.77% FFP	**$ 606,184**	**$ 420,338**
Net Savings (total savings - 62.77% FFP)	**$ 359,538**	**$ 249,310**
IFMC Review Costs	**$ 374,400**	**$ 330,700**
75% Federal Contribution	**$ 280,800**	**$ 248,025**
Net Cost (review costs - 75% FC)	**$ 93,600**	**$ 82,675**